

Message Text

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ACTION EB-08

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SUBJ: INDAMER AFGHAN INDUSTRIES

REF: A) KABUL 5287, B) STATE 166430

1. J.P. KOSZAREK, THE CHAIRMAN OF THE BOARD OF INDAMER AFGHAN INDUSTRIES, VISITED AFGHANISTAN FROM JULY 4 TO JULY 8 TO DISCUSS INDAMER'S SITUATION WITH AFGHAN AND EMBASSY OFFICIALS. KOSZAREK MET WITH REPRESENTATIVES OF THE MINISTRIES OF COMMERCE AND PLANNING AND SPOKE INFORMALLY WITH MINISTER OF COMMERCE GHORBANDI AT THE JULY 4 RECEPTION HOSTED BY THE CHARGE.

2. KOSZAREK'S MEETING WITH MINISTRY OF COMMERCE OFFICIALS HAD FEW POSITIVE RESULTS. ALTHOUGH THE COMMERCE MINISTRY WAS THE SOURCE OF THE DECREE THAT INDAMER MUST CLOSE, ITS OFFICIALS SEEMED PRIMARILY CONCERNED WITH COLLECTING ABOUT 400,000 AFGHANIS (\$10,000) IN FINES FOR INDAMER'S ALLEGED VIOLATIONS OF TRADING REGULATIONS. COMMERCE'S ATTITUDE WAS THAT RESPONSIBILITY FOR SETTLEMENT OF TAX DISPUTES WITH THE GOVERNMENT AND THE DISPOSITION OF INDAMER'S ASSETS

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RESTED WITH OTHER MINISTRIES.

3. MEETINGS WITH THE MINISTRY OF PLANNING WERE MORE HELPFUL. PRESIDENT OF THE INVESTMENT DEPARTMENT, NAWABI, STATED THAT A JOINT COMMITTEE OF MINISTRY OF COMMERCE AND PLANNING REPRESENTATIVES WILL INVENTORY INDAMER'S ASSETS AND SUBMIT A REPORT TO THE

GOVERNMENT. HE ESTIMATED THE INVENTORY AND REPORT WILL TAKE ABOUT TWO MONTHS. THIS REPORT COULD, HE SAID, BE A BASIS FOR A SETTLEMENT WITH INDAMER.

4. BOTH MINISTRIES DISCLAIMED ANY RESPONSIBILITY FOR A CONCLUSION OF INDAMER'S TAX DISPUTES WITH THE GOVERNMENT. THERE ARE CURRENTLY SEVERAL AUDITORS FROM THE MINISTRY OF FINANCE EXAMINING INDAMER'S BOOKS FROM THE BEGINNING OF THE COMPANY'S OPERATIONS ABOUT 20 YEARS AGO, AND POLICE ARE ATTEMPTING TO COLLECT THE FINE MENTIONED PARA TWO. THE TOTAL OF THE TAX BILL WITH WHICH INDAMER WILL UNDOUBTEDLY BE PRESENTED IS PROBLEMATIC AT PRESENT.

5. KOSZAREK'S POSITION DURING HIS MEETINGS WAS THAT INDAMER ACCEPTS THE GOVERNMENT ORDER TO CEASE OPERATIONS AND THEREBY EXPECTS THE GOVERNMENT OF AFGHANISTAN TO COMPENSATE INDAMER FOR ITS ASSETS, MINUS ANY OBLIGATIONS WHICH INDAMER MAY HAVE TO THE GOVERNMENT FOR TAXES AND PENALTIES. KOSZAREK ESTIMATES INDAMER'S ASSETS AT \$2 MILLION.

6. THE CHARGE AND EMBOFFS IN MEETINGS WITH KOSZAREK EMPHASIZED OUR DESIRE TO BE AS HELPFUL AS POSSIBLE IN ASSISTING INDAMER'S EFFORTS TO REACH A SETTLEMENT. HOWEVER, WE MADE CLEAR TO KOSZAREK THAT LIMITED OFFICIAL USE

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UNTIL LOCAL REMEDIES BY INDAMER ARE EXHAUSTED, AND A LEGAL DETERMINATION IS MADE BY WASHINGTON, WE CANNOT TAKE A PARTISAN ROLE IN SUPPORTING THE MERITS OF INDAMER'S CASE. WE ARE NEVERTHELESS ASKING THAT COLLECTION ATTEMPTS BY POLICE BE DEFERRED UNTIL TOTAL ASSETS AND LIABILITIES CAN BE DETERMINED.

7. COMMENT: IT IS WORTH POINTING OUT THAT THE ACTION OF THE DEMOCRATIC REPUBLIC OF AFGHANISTAN (DRA) AGAINST INDAMER THUS FAR HAS ONLY BEEN TO INFORM INDAMER THAT IT SHOULD CEASE ITS BUSINESS ACTIVITIES WITHIN 30 DAYS. THE DRA HASHMOT INDICATED, AS YET, ANY INTENTION TO TAKE OVER INDAMER'S ASSETS EITHER WITH OR WITHOUT COMPENSATION. INDAMER, PRESUMABLY, STILL HAS THE THEORETICAL OPTION OF SELLING ITS ASSETS TO A PRIVATE BUYER (AFTER SETTLEMENT OF TAX LIABILITIES), BUT THE POSSIBILITY OF FINDING SUCH A BUYER IS, AT PRESENT, REMOTE. THE PENDING TAX CASE COULD, HOWEVER, DRAG ON FOR MONTHS AS TEAMS OF AUDITORS GO OVER INDAMER'S BOOKS, AND, UNTIL THE QUESTION OF TAXES IS RESOLVED, IT SEEMS UNLIKELY THAT INDAMER WILL BE ABLE TO EFFECT A SETTLEMENT OF

ANY KIND.
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